

SECRET

9 August 1957

CMCC Doc. No. 151X5.668

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Dear Dan:

Our proposal covering the additional engineering model of the L, M, and N racks as authorized by you early in July is enclosed. The

25X1A

The cost of these models is substantially higher than the cost of production units. Single-item procurement, non-repetitive construction, accelerated work schedules, and substantial rework to accommodate engineering changes during the construction period all serve to make the costs of preliminary models substantially higher than the production costs of equipment. In our experience, models run two to three times the cost of production units depending upon the final volume produced.

We have been working on these racks since your authorization to proceed, and we expect to complete them about August 26; but we plan to hold this second model of the L, M, and N racks at our plant until September 3 in order to accommodate the instruction of your technical representatives in the operation and maintenance of the equipment.

The accompanying delivery schedule shows revised delivery dates for both engineering models and the prototype sets of the L, M, and N racks.

25X1A

Sincerely,

Authorized by

DAK

2012 Dean

Enclosures:

11/1/82

*added by amendment
No 14 (FIC)
DAK*

25X1A

Copies 1-3 of 6 copies of the following CMCC Doc. Nos.

1131X5.107

1132X5.132

1134X5.46

cc: H. A. W. - AGO

Copy 4 of 6 of the above

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P.L.C.